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SENSITIVE
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EEB/CIP FOR AMBASSADOR DAVID GROSS, ANNE JILLSON
DEPARTMENT FOR FCC
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TAGS: [KPAO](#) [KMDR](#) [AMTC](#) [ECPS](#) [TSPL](#) [TINT](#) [PGOV](#) [ECON](#) [AR](#)
SUBJECT: ARGENTINA: DIGITAL TV ENDGAME

REF: A. BUENOS AIRES 1324
[1](#)B. BUENOS AIRES 1279

[1](#)1. (SBU) Summary and Action Request: Jose Aranda, Vice Chairman of the media conglomerate Clarin Group, told Charge on September 23 that that there is a "fighting chance" that the GOA could still choose the U.S. digital norm for DTV (ref B), and offered to work with the Embassy to promote this standard. He also offered specific ideas on how to counter Japanese lobbying efforts. While Clarin itself stands to gain from any GOA adoption of the ATSC norm, local media analysts tell Embassy that the ATSC norm offers price, quality and efficiency advantages for all operators, particularly in the case of open-air television. Meanwhile, the GOA continues to send signals that it is moving towards selecting the Japanese standard, the one already chosen and being promoted by its closest ally, Brazil. Embassy is willing and able to continue its longstanding advocacy for the U.S. standard, but as stated in ref B, we need and seek a clear sign of U.S. industry and USG support. End summary and action request.

Background on Clarin Group and Jose Aranda

[1](#)2. (SBU) Grupo Clarin is the largest and most prominent media conglomerate in Argentina, and the market leader in most of the media segments in which it operates. Through companies it controls and joint ventures, Grupo Clarin is engaged in the largest circulation Spanish language paper in the world, Argentina's top-ratings open air and cable television networks (which already use the ATSC standard) and distributors, the country's second radio station in terms of morning traffic audience and internet, printing and publishing, and broadcasting and programming. Jose Aranda, a major stockholder, worked hand in hand with Clarin CEO Hector Magnetto to project Clarin from a popular newspaper to the media conglomerate it is today. An accountant by training, Aranda possesses a business and societal vision that transcends the governments that have come and gone in Argentina. He came to offer to work with the U.S. Embassy to continue to promote the U.S. digital norm for Argentina, for which he says there is still a fighting chance.

DTV - still a fighting chance

[1](#)3. (SBU) Aranda underlined the important influence the U.S. Embassy has had in the DTV issue. He pointed out that the

Ambassador's public diplomacy upon arrival to Argentina delayed a GoA decision, just as it was to choose the European standard, and despite the strong lobbies by the Brazilians for the Japanese standard and the Europeans for theirs (the latter especially from Telefonica interests). Aranda asserted that despite recent press reports from President Cristina Fernandez de Kirchner's (CFK) summit in Brazil (ref A), the GoA has not made its final decision. Aranda's main point was that as Brazilian lobbying will continue, U.S. advocacy could still make a difference. He said there was "no possibility" of the GOA choosing the European standard, so it was really just down to the U.S. vs. Japanese standard.

Suggestions on how to advocate for ATSC

¶4. (SBU) Aranda encouraged a strong US advocacy push, and offered to work with the Embassy to promote this standard. He urged that advocacy should be accompanied by concrete deliverables by U.S. industry players. He confided with us on two aspects of the Japanese package: (1) that it does not include digitalization plans for state television, Channel 7, which is a high priority for the GoA, and (2) that the Japanese have already failed to come through on some promises made in Brazil. Given these observations, Aranda suggested that U.S. advocacy could gain a lead by paying to digitalize the state channel as well as demonstrating a more consistent follow-through and reliability than the Japanese business approach. (Embassy is checking with ATSC and local industry to see if Channel 7 digitalization is possible.) He also encouraged lobbying from businessmen from relevant companies

who would see CFK and Planning Minister Julio De Vido in New York at the U.N. General Assembly. (We conveyed this information to U.S. company representatives, but they apparently did not act upon the suggestion.)

Why Clarin cares about this issue

¶5. (SBU) According to local industry and analysts, Clarin, like other media players, prefers the ATSC standard because it is the cheapest, best quality, and most efficient option for broadcasters and consumers. It is important to note that for Clarin and other media companies, the ATSC advantage is more evident in the case of open-air television than for cable. Clarin's cable operations are already using the ATSC standard, and Clarin management has told Embassy that if the GOA chose any non-ATSC standard, Clarin could convert their cable operations with relatively minimal expense. But for open-air television, the ATSC standard is clearly the best option in terms of transmission costs, greater coverage, and future advertising revenue.

GOA leaning towards Japanese standard

¶6. (SBU) Since the recent Argentina-Brazil summit (ref A) where the two sides pledged to work closer in the area of digital television standards, the GOA has sent more possible signals of support for the Japanese standard. On September 29, CFK paid a visit to the local Japanese company NEC, where she received a briefing on the Japanese standard. This week, two high-level GOA Federal Broadcast Commission officials are in Japan to receive briefings on this technology.

Comment and action request

¶7. (SBU) Aranda is one of Argentina's most powerful and insightful media figures, with contacts all over the country

and region. He came to the Embassy after discussing this issue with the Ambassador and indicating Clarin's desire to work with us to achieve approval of the U.S. standard. In his well-informed view, the GOA has still not made up its mind on a DTV standard, and the U.S. standard still has a chance to prevail. As stated in ref B, we want to continue fighting as long as we have clear U.S. industry interest and support. Right now, it is unclear to what extent U.S. industry is interested and engaged. ATSC Forum representatives did not go to the New York business meetings with CFK and Minister De Vido last week as we had urged. U.S. industry does not seem to have a clear or active advocacy strategy for this issue regionally. Embassy is ready to continue to work vigorously on the DTV issue, but the U.S. standard will not prevail here without clear industry and USG support. End Comment.

WAYNE